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Farm prices dropped sharply during the month ended October 15; as a percentage of parity they were the lowest in 6 years. Most nonfarm prices have been steady to rising. Record incomes and high production still set the pace for the Nation's business. Consumers are earning and spending more money than ever before.

High employment, some wage increases, and new highs in weekly earnings have boosted the annual rate of personal income in recent weeks. In August, the annual rate reached 215.1 billion dollars, an increase of 2.2 billion from July and 24.3 billion from August 1947.

A post-Labor Day look at business activity shows little slack in the so-called business indicators. Total industrial output in September, was 191 (1935-39=100), only three points below the peacetime record of last February. Production of nondurables in September was only 1 point below its peacetime high. Durable output increased in September, but both steel and automobiles were below previous highs. Weekly motor vehicle output actually was down 10 percent from August as a result of strikes in suppliers' plants. However, early reports point to substantial increases in durable output in October, with steel and motor vehicles up substantially.

Dollar sales at department stores increased slightly in September. These sales have not changed greatly in recent months, but in September were 6 percent higher than a year ago. However, more and more shoppers were going to the bargain basements and sales of many items were down from a year ago.

Prices to farmers dropped for the third straight month, to 277 on October 15. For the first time this year, mid-month prices were lower than those of the corresponding month of 1947. Prices for grains, oil crops and truck crops were off sharply from a year ago. In contrast, meat animals and most livestock products were higher than last year, largely as a result of smaller supplies.

Prices paid by farmers also dropped slightly in October, but not so much as those received. As a result, the ratio between the two series fell to 111. This ratio is now lower than in any month since November 1942.

In spite of recent declines, prices to farmers so far this year have averaged higher than in 1947, largely because of higher prices for livestock and livestock products. As a result of price increases, cash receipts for the first 10 months of the year were up 4 percent from the same months of 1947. The 25 billion dollars taken in during those months were not enough more than last year to offset higher costs; and farmers' net was smaller.

**LIVESTOCK AND MEAT** The fall increase in livestock marketings and meat output began abruptly in mid-September. Receipts of sheep and cattle moved toward their seasonal peak. More hogs were marketed as farmers shipped many of their hogs as soon as they reached marketable weight.

Prices of meat animals generally declined from September 15 to October 15. Hog prices which rose during the late summer fell most. As compared with mid-September, prices received by farmers in mid-October for various kinds of meat animals were lower by the following percentages: Hogs, 10; beef cattle, 8; veal calves,  $4\frac{1}{2}$ ; lambs,  $5\frac{1}{2}$ . Prices for hogs broke more sharply and earlier than last year.

**DAIRY PRODUCTS** Prices for most manufactured dairy products usually go up from mid-September to mid-October. This year, they went down. Among the "whys" were increasing storage stocks; moderate amounts of milk channeled from fluid milk and cream uses to manufacturing outlets; and, in the case of butter, sharp declines in prices of vegetable oils.

Improved dairy product-feed price relationships have encouraged substantially heavier feeding rates per cow and the rate of milk output per cow on October 1 was higher than a year ago. Lower feed prices will tend to keep the rate per cow higher well into 1949.

**POULTRY AND EGGS** With egg supplies during the remainder of 1948 about the same as in 1947, prices may average close to last year's levels. Chicken and turkey prices during the same period are likely to be somewhat higher than a year earlier since marketings will be smaller and demand is strong. For 1948 as a whole, per capita consumption of eggs will be close to last year's 380. Per capita consumption of chicken at about 22.5 pounds, and turkey at about 3.4 pounds, will be the lowest since 1941 and 1944, respectively.



CORN AND OTHER FEED The mid-October index of feed grain prices was nearly 40 percent lower than a year earlier. Corn prices declined much more than seasonally during September and October. In October the average farm price was 6 cents below the United States average loan rate of \$1.44 per bushel. Prices of other feed grains have not changed greatly in recent weeks, after declining sharply during the summer months. Feed grain prices probably will average around one-third lower this fall and winter than last. Prices of most of the byproduct feeds will also be substantially lower this season, although protein feeds may average a little higher in relation to feed grain than in 1947-48.

WHEAT Prices of new crop wheat have risen to loan levels and are expected to stay up through most of the 1948-49 marketing season.

Wheat stocks in the United States on October 1 totaled 1,142 million bushels, which compares with 1,128 million a year earlier. Since total supplies at the beginning of the marketing year (carryover July 1 plus production) were approximately 1,479 million bushels, the indicated disappearance for the July-September quarter is 337 million bushels. Exports, food and seed use are estimated at about 312 million bushels, and the quantity used for feed at about 25 million bushels.

FRUIT Prices that growers will receive for most fruits in November and December are expected to be near the levels of a year earlier. Supplies of fresh fruit will be plentiful, although supplies of apples and pears will be smaller.

VEGETABLES Demand for fresh vegetables this fall and winter probably will be at least as strong as a year earlier. Prices will rise seasonally, but, larger supplies in general will keep prices somewhat lower than last fall and winter.

The 1948 potato crop was estimated on October 1 at 418 million bushels. This gives little chance of prices to farmers rising much above the level of price support this fall and winter. At current levels of production and price-support, the Government is buying large quantities of 1948-crop potatoes in order to support prices. About 47 million bushels or 12 percent of total production had been purchased by the Government through mid-October. Further large purchases probably will be necessary, and total price-support purchases might approach one-sixth of the entire 1948 crop.

COTTON Through September and first half of October, cotton prices in the ten spot markets fluctuated from a low of 30.97 cents per pound on September 2 to a high of 31.38 cents on September 15 and 17. Domestic mill consumption of cotton for the first two months of the current marketing year was 1,468,000 bales or 2 percent above the 1,441,000 bales for the same two months of last season.

Cotton in consuming establishments on September 30 totaled 1,282,000 bales, or about 13 percent above the same date a year ago. Total stocks in public storage and at compresses of 4,140,000 bales were 60 percent above September 30, 1947.

WOOL First prices at fall auctions in foreign markets were down from the highs of last spring. October 1 prices at London for 64's-70's good medium fleeces were off over 5 percent from last July. This easiness in foreign markets was reflected in spot foreign wools at Boston.